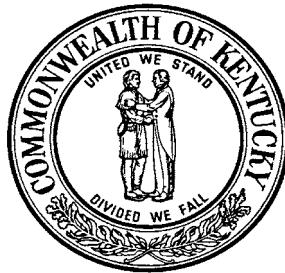


**REPORT OF THE AUDIT OF THE
BARREN COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BARREN COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Barren County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Cash balances decreased by \$747,922 from the beginning of the year, resulting in a cash surplus of \$2,213,475 as of June 30, 2002.

Debt Obligations:

Total bonded debt principal as of June 30, 2002, was \$7,765,000. Future collections of \$13,070,103 are needed over the next 27 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$401,026 as of June 30, 2002. Future principal and interest payments of \$435,168 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Frederick L. Travis, Barren County Judge/Executive

Members of the Barren County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Barren County, Kentucky, as of June 30, 2002, the statement of cash receipts, cash disbursements, and changes in cash balances, and the related statement of cash flows for the year then ended. These financial statements are the responsibility of the Barren County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Barren County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions of Barren County, Kentucky as of June 30, 2002, and the revenues received and expenditures paid, and the cash flows of its enterprise fund for the year then ended in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Frederick L. Travis, Barren County Judge/Executive
Members of the Barren County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 8, 2002 on our consideration of Barren County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Barren County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 8, 2002

BARREN COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Frederick L. Travis	County Judge/Executive
James Duvall	Magistrate
Robert T. Groce	Magistrate
Samuel Perkins	Magistrate
Thomas Matthews	Magistrate
James Donald Jackson	Magistrate
Dr. Christopher D. Steward	Magistrate
Dr. Steven M. Welborn	Magistrate

Other Elected Officials:

Jeff Sharp	County Attorney
Donald Frazier	Jailer
Pamela S. Browning	County Clerk
Nancy B. Botts	Circuit Court Clerk
Barney E. Jones	Sheriff
Rex Kelly Patterson	Property Valuation Administrator
Michael T. Swift	Coroner

Appointed Personnel:

Karen Bracken	County Treasurer
Nancy Houchens	Deputy Judge
Sherry J. Jones	Finance Officer
Ulysses Wood Strader	Road Supervisor
Juanita Adwell	Jail Administrative Assistant

STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

BARREN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,338,293	\$ 13,008	\$ 35,002	\$
Investments	84,259		670,995	25,722
Restricted Cash- Payroll Revolving Account	200			
Total Assets	<u>\$ 1,422,752</u>	<u>\$ 13,008</u>	<u>\$ 705,997</u>	<u>\$ 25,722</u>
<u>Other Resources</u>				
Amounts to be Provided in Future Years For:				
Capital Lease Agreements-				
Principal Payments (Note 5)				
Defibulators	\$ 122,000	\$	\$	\$
Dump Trucks	141,000			
Ambulances	138,026			
Bond Payments-				
Principal Payments (Note 4)				
Courthouse Annex Sinking Fund				3,140,000
Public Properties Corporation:				
Courthouse and Corrections				
Bond Fund - 1998 Series				4,599,278
Total Other Resources	<u>\$ 401,026</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,739,278</u>
Total Assets and Other Resources	<u>\$ 1,823,778</u>	<u>\$ 13,008</u>	<u>\$ 705,997</u>	<u>\$ 7,765,000</u>

BARREN COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND EQUITY ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

Proprietary Fund Type	Totals (Memorandum Only) Reporting Entity
<u>Enterprise</u>	
\$ 46,196	\$ 1,432,499
	780,976
	<u>200</u>
<u>\$ 46,196</u>	<u>\$ 2,213,675</u>
\$	\$ 122,000
	141,000
	138,026
	3,140,000
	<u>4,599,278</u>
<u>\$ 0</u>	<u>\$ 8,140,304</u>
<u>\$ 46,196</u>	<u>\$ 10,353,979</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Debt Service
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Payroll	\$ 200	\$	\$	\$
Capital Lease Payments (Note 5)-				
Defibulators	122,000			
Dump Trucks	141,000			
Ambulances	138,026			
Bonds Not Matured (Note 4)				7,765,000
Total Liabilities	\$ 401,226	\$ 0	\$ 0	\$ 7,765,000
<u>Equity</u>				
Retained Earnings:				
Reserved	\$	\$	\$	\$
Fund Balances:				
Reserved			705,997	
Unreserved	1,422,552	13,008		
Total Equity	\$ 1,422,552	\$ 13,008	\$ 705,997	\$ 0
Total Liabilities and Equity	\$ 1,823,778	\$ 13,008	\$ 705,997	\$ 7,765,000

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND EQUITY ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

Proprietary Fund Type	Totals (Memorandum Only) Reporting Entity
<u>Enterprise</u>	
\$	\$ 200
	122,000
	141,000
	138,026
	<u>7,765,000</u>
<u>\$ 0</u>	<u>\$ 8,166,226</u>
\$ 46,196	\$ 46,196
	705,997
	<u>1,435,560</u>
<u>\$ 46,196</u>	<u>\$ 2,187,753</u>
<u>\$ 46,196</u>	<u>\$ 10,353,979</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BARREN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 8,433,123	\$ 4,836,042	\$ 2,269,928	\$ 943,000
Jail Canteen Receipts	330,771			
Other Financing Sources:				
Transfers In	1,182,699	365,000	260,000	386,489
Lease Proceeds	400,367	260,026	140,341	
Total Cash Receipts	<u>\$ 10,346,960</u>	<u>\$ 5,461,068</u>	<u>\$ 2,670,269</u>	<u>\$ 1,329,489</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 9,152,411	\$ 4,226,293	\$ 2,456,568	\$ 1,243,980
Jail Canteen Expenditures	146,575			
Other Financing Uses:				
Contracted Services	4,182			
Transfers Out	1,182,699	465,000	250,000	75,605
Bonds:				
Principal Paid	210,000	105,000		
Interest Paid	399,015	174,645		
Total Cash Disbursements	<u>\$ 11,094,882</u>	<u>\$ 4,970,938</u>	<u>\$ 2,706,568</u>	<u>\$ 1,319,585</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (747,922)	\$ 490,130	\$ (36,299)	\$ 9,904
Cash Balance - July 1, 2001	2,961,397	870,098	62,246	22,188
Cash Balance - July 1, 2002	<u>\$ 2,213,475</u>	<u>\$ 1,360,228</u>	<u>\$ 25,947</u>	<u>\$ 32,092</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

General Fund Types	Special Revenue Fund Types				
Local Government Economic Assistance Fund	Community Development Block Grant Microenter- prise Project Fund	Recreational Department Fund	1994 Tax Escrow Fund	1996 Tax Escrow Fund	1999 Tax Escrow Fund
\$ 54,060	\$ 5,000	\$ 10,032	\$ 44	\$ 11	\$ 36
<u>\$ 54,060</u>	<u>\$ 5,000</u>	<u>\$ 10,032</u>	<u>\$ 44</u>	<u>\$ 11</u>	<u>\$ 36</u>
\$ 50,873	\$ 5,000	\$ 150	\$ 4,592	\$	\$ 230
<u>\$ 50,873</u>	<u>\$ 5,000</u>	<u>\$ 150</u>	<u>\$ 4,592</u>	<u>\$ 0</u>	<u>\$ 230</u>
\$ 3,187	\$ 0	\$ 9,882	\$ (4,548)	\$ 11	\$ (194)
1,098			4,548	681	2,338
<u>\$ 4,285</u>	<u>\$ 0</u>	<u>\$ 9,882</u>	<u>\$ 0</u>	<u>\$ 692</u>	<u>\$ 2,144</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

	Special Revenue Fund Types	Capital Projects Fund Types	Public Properties Corporation	Debt Service Fund Type Public Properties Corporation
	Work Release Fund	Courthouse Annex Construction Fund	Detention Center Construction Fund	Courthouse and Corrections Bond Fund 1998 Series
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 17,157	\$ 40,435	\$ 12	\$ 257,366
Jail Canteen Receipts				
Other Financing Sources:				
Transfers In		20,000	75,605	75,605
Lease Proceeds				
Total Cash Receipts	<u>\$ 17,157</u>	<u>\$ 60,435</u>	<u>\$ 75,617</u>	<u>\$ 332,971</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$ 1,164,715	\$ 10	\$
Jail Canteen Expenditures				
Other Financing Uses:				
Contracted Services	4,182			
Transfers Out	13,007	115,000	75,605	
Bonds:				
Principal Paid				105,000
Interest Paid				224,370
Total Cash Disbursements	<u>\$ 17,189</u>	<u>\$ 1,279,715</u>	<u>\$ 75,615</u>	<u>\$ 329,370</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (32)	\$ (1,219,280)	\$ 2	\$ 3,601
Cash Balance - July 1, 2001	<u>322</u>	<u>1,925,275</u>		<u>22,121</u>
Cash Balance - July 1, 2002	<u>\$ 290</u>	<u>\$ 705,995</u>	<u>\$ 2</u>	<u>\$ 25,722</u>

The accompanying notes are an integral part of the financial statements.

BARREN COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

Enterprise
 Fund
Type

Jail
 Canteen
Fund

\$
 330,771

\$ 330,771

\$
 146,575

188,482

\$ 335,057

\$ (4,286)
50,482

\$ 46,196

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH
Flows-Proprietary Fund Type

BARREN COUNTY
STATEMENT OF CASH
FLOWS-PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2002

	<u>Enterprise Fund</u>
	<u>Jail Canteen Fund</u>
Cash Flows From Operating Activities:	
Cash Received From Inmate Sales	\$ 95,972
Cash Received From Employee Sales	1,133
Payments to Suppliers	(97,174)
Other Receipts	<u>162</u>
Net Cash Provided By Operating Activities	<u>\$ 93</u>
Cash Flows From Noncapital Financing Activities:	
Cash Received on Inmate Accounts	\$ 183,907
Inmate State Pay	9,524
Inmate Booking, Housing, and Medical Fees	144,181
Cash Refunded on Inmate Accounts	(39,203)
Inmate State Payroll	(9,524)
Maintenance	(674)
Payments To Canteen Fund From Inmate Accounts	(105,494)
Payments to Fiscal Court	<u>(188,482)</u>
Net Cash Used by Noncapital Financing Activities	<u>\$ (5,765)</u>
Cash Flows From Investing Activities:	
Interest Received on Bank Accounts	<u>\$ 1,386</u>
Net Cash Provided by Investing Activities	<u>\$ 1,386</u>
Net (Decrease) in Cash	\$ (4,286)
Cash and Cash Equivalents - Beginning	<u>50,482</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 46,196</u></u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Barren County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Barren County Public Properties Corporation as part of the reporting entity.

Barren County Public Properties Corporation

The fiscal court appoints a voting majority of the Public Properties Corporation's governing board and has the ability to impose its will on the governing board. In addition, the fiscal court is financially accountable and legally obligated for the debt of the Public Properties Corporation. Financial information for the Public Properties Corporation is blended within Barren County's financial statements.

Additional - Barren County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Barren County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Barren County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Barren County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and Local Government Economic Assistance Fund.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Barren County Special Revenue Fund Type includes the following county funds: The Community Development Block Grant Microenterprise Project Fund, Recreational Department Fund, 1994 Tax Escrow Fund, 1996 Tax Escrow Fund, 1999 Tax Escrow Fund, and Work Release Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Courthouse and Corrections Bond Fund - 1998 Series Fund. Debt service is provided through annual transfers from the General Fund Type and from third parties in the amount of the debt service requirements for the year.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Courthouse Annex Construction Fund and the Public Properties Corporation Detention Center Construction Fund of the Fiscal Court are reported as Capital Projects Fund Types.

5) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Barren County Enterprise Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, deferred revenue, long-term obligations, and amounts to be provided for in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the county's fixed assets are not included in the financial statements. These fixed assets include buildings, equipment, and land that are owned by the county.

D. Legal Compliance - Budget

The Barren County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Work Release Fund or the Jail Canteen Fund because the Department for Local Government does not require these funds to be budgeted. In addition, no formal budget is adopted for the Public Properties Corporation Courthouse and Corrections Bond Fund - 1998 Series, (Debt Service Fund) because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type/Special Revenue Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. For the purpose of the statement of cash flows, the county considers all investments with a maturity date of three months or less when purchased to be cash equivalents.

BARREN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

Cash includes amounts in bank accounts, and investments are stated at cost. KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Barren County Fiscal Court:

Barren County Soil Conservation District
 Barren County Extension District

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The Joint City - County Planning and Zoning Commission, Ambulance Service Corporation, Inc., Glasgow - Barren County Industrial Development and Economic Authority, Glasgow - Barren County Animal Shelter Board, Barren - Metcalfe Emergency Communications Center, Glasgow - Barren County Tourism and Convention Commission, and Barren Information Technology Systems, Inc. are joint ventures.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

BARREN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

B. Investments

The county's investments are insured or registered or the securities are held by the county or by the county's agent in the county's name.

<u>Types of Investments</u>	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Treasury Notes	\$ 245,911	\$ 532,056
U.S. Treasury Bills	<u>535,065</u>	<u>535,065</u>
Totals	<u><u>\$ 780,976</u></u>	<u><u>\$ 1,067,121</u></u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Long-Term Debt

On July 24, 1998, the Barren County Public Properties Corporation issued \$4,965,000 Series 1998 Revenue Bonds in two different bond issues. The outstanding bond principal for these two issues was \$4,625,000 as of June 30, 2002.

- A. Bonds outstanding of the Barren County Public Properties Corporation Administrative Office Of the Courts Renovation and Construction Project were \$3,765,000 of 3.9% through 5.0% revenue bonds, series 1998 dated July 1, 1998. Interest is paid semiannually on February 1 and August 1, and principal is paid February 1 of each year. Future principal and interest requirements are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2003	\$ 180,595	\$ 75,000
2004	177,820	75,000
2005	174,670	80,000
2006	171,230	85,000
2007	167,575	85,000
2008-2012	777,018	495,000
2013-2017	652,800	620,000
2018-2022	487,970	780,000
2023-2027	272,500	1,000,000
2028-2029	35,500	470,000
Totals	<u>\$ 3,097,678</u>	<u>\$ 3,765,000</u>

- B. Bonds outstanding of the Barren County Public Properties Corporation Correction Center Project were \$860,000 of 3.9% through 4.8% revenue bonds, series 1998, dated July 1, 1998. Interest is paid semiannually on February 1 and August 1, and principal is paid February 1 each year. Future principal and interest requirements are as follows:

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2003	\$ 39,170	\$ 40,000
2004	37,530	40,000
2005	35,850	40,000
2006	34,130	45,000
2007	32,195	45,000
2008-2012	129,552	255,000
2013-2017	65,040	320,000
2018	3,600	75,000
Totals	<u>\$ 377,067</u>	<u>\$ 860,000</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Long-Term Debt (Continued)

- C. Bonds outstanding of the Barren County Courthouse Annex Bond Fund were \$3,140,000 of general obligation bonds, Series 2000, dated May 15, 2000. Interest is paid semiannually on May 1 and November 1, and principal is paid May 1 of each year. Future principal and interest requirements are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 169,133	\$ 110,000
2004	163,357	115,000
2005	157,320	120,000
2006	151,020	125,000
2007	144,457	135,000
2008-2012	608,888	780,000
2013-2017	377,755	1,005,000
2018-2020	84,150	750,000
Totals	<u>\$ 1,856,080</u>	<u>\$ 3,140,000</u>

Note 5. Capital Lease Obligations

- A. On December 21, 2001, Barren County entered into a capital lease agreement with Kentucky Association Of Counties Leasing Trust in the amount of \$122,000. The funds were used to purchase LifePack 12 Defibrillators. The county is in substantial compliance with the lease agreement as of June 30, 2002. The lease matures in January of 2007. The interest is to be paid monthly and is based on a 3.4% interest rate. Principal payments are due January 20 each year. The principal balance outstanding as of June 30, 2002 was \$122,000.

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 4,486	\$ 29,000
2004	3,286	30,000
2005	2,044	31,000
2006	762	32,000
Totals	<u>\$ 10,578</u>	<u>\$ 122,000</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Lease Obligations (Continued)

- B. On January 16, 2002, Barren County entered into a capital lease agreement with Kentucky Association Of Counties Leasing Trust in the amount of \$141,000. The funds were used to purchase dump trucks. The county is in substantial compliance with the lease agreement as of June 30, 2002. The lease matures in January of 2006. The interest is to be paid monthly and is based on a 3.25% interest rate. Principal payments are due January 20 each year. The principal balance outstanding as of June 30, 2002 was \$141,000.

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2003	\$ 5,101	\$ 27,000
2004	4,040	27,000
2005	2,962	28,000
2006	1,844	29,000
2007	688	30,000
Totals	<u>\$ 14,635</u>	<u>\$ 141,000</u>

- C. On March 15, 2002, Barren County entered into a capital lease agreement with Kentucky Association Of Counties Leasing Trust in the amount of \$138,026. The funds were used to purchase ambulances. The county is in substantial compliance with the lease agreement as of June 30, 2002. The lease matures in March of 2005. The interest is to be paid monthly and is based on a 3.12% interest rate. Principal payments are due January 20 each year. The principal balance outstanding as of June 30, 2002 was \$138,026.

Fiscal Year Ended June 30	Scheduled Interest	Scheduled Principal
2003	\$ 5,051	\$ 44,558
2004	2,825	45,994
2005	1,053	47,474
Totals	<u>\$ 8,929</u>	<u>\$ 138,026</u>

BARREN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 6. Lease Agreements

The county has entered into the following lease agreements:

Description	Balance 7/1/2001	Additional Borrowings	Payments	Balance June 30, 2002
Copiers:				
County Attorney and County Clerk	\$ 7,811	\$	\$ 6,695	\$ 1,116
Clerk's Computer Lease	120,460	2,520	38,740	84,240
Judge/Executive's Computer Lease	3,052		2,616	436
Treasurer's Computer Lease	2,782		2,083	699
Sheriff's Copier Lease	1,945		1,228	717
Jailer's Copier Lease		12,600	2,200	10,400
2002 Ford Truck Lease		16,748	465	16,283
Totals	<u>\$ 136,050</u>	<u>\$ 31,868</u>	<u>\$ 54,027</u>	<u>\$ 113,891</u>

Note 7. Insurance

For the fiscal year ended June 30, 2002, Barren County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

BARREN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 5,377,322	\$ 4,836,042	\$ (541,280)
Road and Bridge Fund	2,435,081	2,269,928	(165,153)
Jail Fund	1,114,868	943,000	(171,868)
Local Government Economic Assistance Fund	53,900	54,060	160
<u>Special Revenue Fund Types</u>			
Community Development Block Grant- Microenterprise Project Fund	50,000	5,000	(45,000)
Recreational Department Fund		10,032	10,032
1994 Tax Escrow Fund	100	44	(56)
1996 Tax Escrow Fund	100	11	(89)
1999 Tax Escrow Fund	2,338	36	(2,302)
<u>Capital Projects Fund Type</u>			
Courthouse Annex Construction Fund	<u>38,000</u>	<u>40,435</u>	<u>2,435</u>
Totals	<u>\$ 9,071,709</u>	<u>\$ 8,158,588</u>	<u>\$ (913,121)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 9,071,709	
Add: Budgeted Prior Year Surplus		2,886,305	
Less: Other Financing Uses		<u>(355,250)</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 11,602,764</u>	

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SCHEDULE OF OPERATING REVENUE

BARREN COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	GOVERNMENTAL FUND TYPES				
	Totals (Memorandum Only)	General Fund Types	Special Revenue Fund Types	Capital Projects Fund Types	Debt Service Fund Type
Taxes	\$ 2,681,776	\$ 2,681,776	\$	\$	\$
In Lieu Tax Payments	84,857	84,857			
Intergovernmental Revenues	5,210,487	5,205,487	5,000		
Charges for Services	11,265	11,265			
Miscellaneous Revenues	74,393	64,393	10,000		
Interest Earned	353,188	55,252	123	40,435	257,378
Total Operating Revenue	<u>\$ 8,415,966</u>	<u>\$ 8,103,030</u>	<u>\$ 15,123</u>	<u>\$ 40,435</u>	<u>\$ 257,378</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

BARREN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

GENERAL FUND TYPES			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 2,709,967	\$ 1,903,292	\$ 806,675
Protection to Persons and Property	2,051,088	1,911,653	139,435
General Health and Sanitation	428,216	405,188	23,028
Social Services	93,095	75,081	18,014
Recreation and Culture	423,350	420,661	2,689
Roads	2,821,210	2,368,276	452,934
Debt Service	66,450	64,562	1,888
Administration	987,665	829,001	158,664
Total Operating Budget - General Fund Types	\$ 9,581,041	\$ 7,977,714	\$ 1,603,327
Other Financing Uses:			
Annex Bonds-			
Principal	105,000	105,000	
Interest	174,645	174,645	
TOTAL BUDGET - GENERAL FUND TYPES	<u>\$ 9,860,686</u>	<u>\$ 8,257,359</u>	<u>\$ 1,603,327</u>
SPECIAL REVENUE FUND TYPES			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 7,938	\$ 4,822	\$ 3,116
Social Services	50,000	5,000	45,000
Recreation and Culture	500	150	350
TOTAL BUDGET - SPECIAL REVENUE FUND TYPES	<u>\$ 58,438</u>	<u>\$ 9,972</u>	<u>\$ 48,466</u>

BARREN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

CAPITAL PROJECTS FUND TYPES			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Capital Projects	\$ 1,963,275	\$ 1,164,715	\$ 798,560
TOTAL BUDGET - CAPITAL PROJECTS FUND TYPES	<u>\$ 1,963,275</u>	<u>\$ 1,164,715</u>	<u>\$ 798,560</u>
DEBT SERVICE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Administration	\$ 10	\$ 10	\$
Total Operating Budget - Debt Service Fund Type	\$ 10	\$ 10	
Other Financing Uses:			
Bonds-			
Principal	35,000		35,000
Interest	<u>40,605</u>		<u>40,605</u>
TOTAL BUDGET - DEBT SERVICE FUND TYPE	<u>\$ 75,615</u>	<u>\$ 10</u>	<u>\$ 75,605</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Frederick L. Travis, Barren County Judge/Executive
Members of the Barren County Fiscal Court

**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Barren County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Barren County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Barren County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
November 8, 2002

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

BARREN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS
BARREN COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

The Barren County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

